

Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 EB-07 /017 W
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R 160625Z FEB 75

FM AMEMBASSY ABU DHABI

TO SECSTATE WASHDC 2580

INFO AMEMBASSY BEIRUT

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

USDOC WASHDC

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E.O. 11652: N/A

TAGS: ECRE, BTIO, TC

SUBJ: U.S. JOINT-VENTURE BIDS ON ABU DHABI WATER PIPELINE PROJECT

1. ABU DHABI GENERAL PROJECTS COMMITTEE HAS OPENED BIDS FOR
CONSTRUCTION OF RING MAINS FOR ABU DHABI WATER PIPELINE SYSTEM.
THIS SYSTEM WILL CONNECT TO OMM AN-NAR DESALINATION PLANT
(SEE ABU DHABI 97) SCHEDULED TO BEGIN OPERATIONS IN THREE
TO FOUR YEARS. BIDS SUBMITTED WERE AS FOLLOWS:

(A) DH. 128 MILLION (32.4 MILLION DOLLARS). CONSOLIDATED
CONSTRUCTING COMPANY, LEBANON. PIPE IS COMBINATION OF
DUCTILE IRON AND CEMENT-ASBESTOS.

(B) DH. 140 MILLION (35.4 MILLION DOLLARS). NTHYSEN-RANDA
(GERMANY) AND SOCEA (FRANCE), USING CEMENT ASBESTOS AND
DUCTILE IRON PIPE.

(C) DH. 147 (37.2 MILLION DOLLARS). PAUL N. HOWARD COM,
GREENSBORO, NORTH CAROLINA, AND HARBARD CONSTRUCTION CORPORATION,
BIRMINGHAM, ALABAMA. ALL PIPE DUCTILE IRON SUPPLIED BY
AMERICAN CAST IRON, BIRMINGTON, ALABAMA.

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(D) DH. 154 MILLION (39.0 MILLION DOLLARS). SAME BIDDERS
AS (B) ABOVE, BUT USING ALL DUCTILE IRON PIPE.

(E) DH. 155 MILLION (39.2 MILLION DOLLARS). SAME BIDDERS
AS (A) ABOVE, BUT USING ALL DUCTILE IRON PIPE.

2. BIDS WILL NOW BE REFERRED TO DEPARTMENT WATER AND
ELECTRICITY'S SPECIALIZED CONSULTANT, TEBODIN (HOLLAND) FOR
EVALUATION. CONSULTANT'S RECOMMENDATION TO DWE EXPECTED IN
ABOUT ONE MONTH. IN NORMAL PROJECT AWARDS HERE, DWMILL
MAKE RECOMMENDATION TO ABU DHABI GENERAL PROJECT COMMITTEE
BASED ON CONSULTANT'S EVALUATION. THEN PROJECT COMMITTEE,
COMPOSED OF REPRESENTATIVES OF DWE, AND DEPARTMENTS OF
PLANNING, PUBLIC WORKS, FINANCE, AND LEGAL EXPERTS, MAKE
FINAL RECOMMENDATION FOR CABINET APPROVAL. PROCESS CAN BE
LENGTHY ONE, BUT BIDDERS HAVE OFFERED TO FOREGO ESCALATION
CLAUSE IF CONTRACT SIGNED WITHIN SIXTY DAYS.

3. BIDS ARE NOT AUTOMATICALLY AWARDED TO LOW BIDDERS,
ESPECIALLY WHERE THERE IS A SIGNIFICANT TECHNICAL DEVIATION
OR WHERE THE PRICE RANGES ARE AMONG THE BIDDERS ARE NOT LARGE.
IF DWE ON TECHNICAL GROUNDS DECIDES IN FAVOR OF USING ALL
DUCTILE IRON PIPE, THEN U.S. GROUP HAS EXCELLENT CHANCE WIN
CONTRACT. HOWEVER, BIDDERS OFFERING ALTERNATIVE COMBINATION
IRON AND CEMENT-ASBESTOS CAN OFFER BOTH LOWER
INITIAL PRICE AND MUCH LOWER SHIPPING COST, SINCE THE CEMENT-
ASBESTOS PIPE WILL BE MANUFACTURED IN THE ETERNIT FACTORY IN DUBAI.
HOWARD-HARBART'S LOCAL AGENTS ESTIMATE THAT SHIPPING THE IRON
PIPE FROM USA WILL ADD DH. 20 MILLION TO PROJECT COST.

4. EMBASSY WILL CLOSELY FOLLOW PROGRESS THIS TENDER. U.S.
GROUPS'S PERFORMANCE SO FAR HAS BEEN MOST IMPRESSIVE, AND
LOCAL AGENTS VERY OPTIMISTIC OF COMPANIES' CHANCES IF TECHNICAL
DECISION IN THEIR FAVOR. WE ARE ENCOURAGED THAT AMERICAN
CONTRACTING FIRMS ARE FINALLY COMPETING FOR MAJOR GENERAL
CONSTRUCTION PROJECTS IN LUCRATIVE UAE MARKET. IT IS
ESTIMATED THAT ABOUT 65 PERCENT OF ABU DHABI'S 1975 BUDGET WILL
BE ALLOCATED FOR DEVELOPMENT EXPENDITURES, AND IN RECENT
BIDDING U.S. COMPANIES (CF. ABU DHABI 298) HAVE SHOWN
THEMSELVES VERY COMPETITIVE WHEN WILLING TO CONTEST PROJECTS
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WITH EUROPEANS AND OTHERS.

5. FOR STATE AND USDOC: REQUEST INFORMATION PARAGRAPHS
1-3 BE KEPT CONFIDENTIAL BECAUSE OF DELICACY OF EVALUATION
PROCEDURE.

6. FOR ADDRESSEE EMBASSIES: HOWARD CONSTRUCTION INTERESTED
IN WATER AND SEWER CONSTRUCTION PROJECTS. IF ANY SUCH

PROJECTS IN YOUR AREA, SUGGEST SENDING INFORMATION TO
PAUL N. HOWARD COMPANY, P.O. BOX 20488, GREENSBORO,
NORTH CAROLINA 27420, TELEX: 574341.
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